

**HERITAGE
CENTER**

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OFFICE OF THE CITY CLERK

February 1, 2008

Gerald Boyd, Manager
U.S. Department of Energy
Oak Ridge Operations Office
P. O. Box 2001
Oak Ridge, TN 37831

Subject: Transmittal Letter - Proposal for the Fee-Simple Transfer of
Parcels ED-3, ED-4, ED-8, and ED-9 at the East Tennessee Technology
Park.

Dear Mr. Boyd:

Please find enclosed a proposal by Heritage Center, LLC to transfer in fee-simple ownership, the parcels hereto referred to as ED-3, ED-4, ED-8, and ED-9 at the East Tennessee Technology Park's *Heritage Center*. Heritage Center, LLC, a wholly owned subsidiary of the Community Reuse Organization of East Tennessee (CROET), is proposing that the property be transferred for economic development purposes under *10 CFR Part 770, Transfer of Real Property at Defense Nuclear Facilities for Economic Development*.

I believe that the proposal contains all the necessary information for your offices to initiate the process of undertaking said transfer. The region needs the expedited transfer of this property to facilitate the creation of much needed private sector jobs to potentially mitigate the loss of jobs coming from DOE mission modification. This transfer is also consistent with and supports DOE's Environmental Management mission while helping to achieve Reindustrialization goals at Heritage Center, East Tennessee Technology Park.

Thank you in advance for your positive consideration of this proposal. Should you have any questions or need additional information, please contact me.

Sincerely,

Lawrence T. Young
Chief Manager

Attachments: Transfer Proposal

bcc: Congressman Zach Wamp
✓ Mayor Tom Beehan
Mr. Mike Farmerr, Roane County Mayor
Ms. Susan Cange, DOE
Ms. Cindy Finn, DOE
Mr. Robert Brown, DOE

Proposal to Transfer
Parcels ED-3, ED-4, ED-8 and ED-9
at
East Tennessee Technology Park's Heritage Center
to the
Community Reuse Organization of East Tennessee's
Heritage Center, LLC

February 1, 2008

Submitted by

Heritage Center, LLC

Proposal to Transfer Parcels ED-3, 4, 8 & 9
at East Tennessee Technology Park's Heritage Center
to Heritage Center, LLC. for Economic Development Purposes
Pursuant to 10 CFR 770, Transfer of Real Property
at Defense Nuclear Facilities for Economic Development.

Proposal to Transfer ED-3, ED-4, ED-8, and ED-9 at East Tennessee Technology Park's Heritage Center

Introduction

The purpose of this document is to comply with 10 CFR Part 770, Transfer of Real Property at Defense Nuclear Facilities for Economic Development, specifically Part 770.7(a) Proposal. Heritage Center, LLC (**Heritage**) proposes that the Department of Energy (DOE) transfer ownership of the parcels identified as ED-3, ED-4, ED-8 and ED-9 located at the East Tennessee Technology Park's *Heritage Center* to Heritage for economic development purposes. The location of these parcels is identified in greater detail in Exhibit A.

In 1996, the U.S. Department of Energy began a partnership with the Oak Ridge Region called Reindustrialization. The purpose of this program was to accelerate the clean-up of the former Gaseous Diffusion plant known as K-25, and secondarily to reduce the dependence of the regional economy on DOE by creating new private sector job opportunities. The eventual goal of the program was to create a "brownfield" mixed use private sector industrial/business park on the former K-25 site. DOE and the Region have made significant strides toward that end in the ensuing 10 years with some 350,000 square feet of space leased to the Community Reuse Organization. (Exhibit B) Moreover, Reindustrialization has assisted DOE in reducing its cost by \$11.3 million to date in cost-avoidance by removal of buildings and facilities from the list of those to be demolished. The net cumulative potential savings as a result of the Reindustrialization Program is \$89.8 million (Exhibit C).

**Proposal to Transfer ED-3, ED-4, ED-8, and ED-9
at East Tennessee Technology Park's Heritage Center**

770.7 (a) Proposal.

770.7(a)(1) A proposal must include (but is not limited to):

770.7(a)(1)(i) A description of the real property proposed to be transferred

ED-3. Aerial photographs and site maps from throughout the history of the Oak Ridge Gaseous Diffusion Plant (ORGDP) indicate that this area has only been used as a housing area (Happy Valley Construction Campsite [HVCC]) for construction workers building the ORGDP since federal acquisition. Before that time, the land where ED-3 is located consisted primarily of forests and grasslands intermixed with large and small orchards, cropland, and pastures associated with the agriculturally based and no longer extant Wheat Community. Blacksmithing, brick making, and gristmill operations also occurred in the community. Demolition of the HVCC began in 1947, and by the mid-1950s all buildings within the HVCC had been demolished. Demolition consisted of salvaging usable materials and bulldozing or burning the remainder of the material in place. The potable water, sewer, and fire water systems were cut and capped in place. Remnants of the former HVCC, including building foundations, roads, metal debris, construction debris piles, fire hydrants, and the extensive water and sewer networks, are evident throughout Parcel ED-3. Following the demolition of the HVCC, the Parcel ED-3 tract south of Highway 58 was allowed to revegetate and became a mixed pine and hardwood forest. In the last two years, DOE has constructed the "Haul Road" used for the transport of Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) waste on the Reservation, which cuts across the eastern tract. The road is gravel and is elevated above the surrounding terrain. The Haul Road property is not part of the proposed transfer footprint.

**Proposal to Transfer ED-3, ED-4, ED-8, and ED-9
at East Tennessee Technology Park's Heritage Center**

ED-4. This area has largely been undeveloped woodland since federal acquisition. Before that time, the land where ED-4 is located consisted primarily of forests and grasslands intermixed with large and small orchards, cropland, and pastures associated with the agriculturally based and no longer extant Wheat Community. Blacksmithing, brick making, and gristmill operations also occurred in the community. Workers building the ORGDP lived in HVCC, which was located south of Highway 58 (outside of ED-4). However, three support facilities for the construction workers were located in the western tract of ED-4. The three HVCC buildings located within ED-4 were designated as S-12, S-22, and S-44. Historical records indicate that these buildings were the Recreation Hall (S-12), the Town Hall Camp Operations Building (S-22), and the Property Warehouse (S-44). A railroad used during site construction passed through both tracts of ED-4, as did a segment of Wheat Road. By 1963, no remnants of these former structures, including the railroad spur, are visible on aerial photographs. As noted for ED-3, in the last two years, DOE has constructed a Haul Road used for the transport of CERCLA waste on the Reservation, which cuts across the eastern tract. The road is gravel and is elevated above the surrounding terrain. The Haul Road property is outside of the proposed transfer footprint.

**Proposal to Transfer ED-3, ED-4, ED-8, and ED-9
at East Tennessee Technology Park's Heritage Center**

ED-8. This parcel has largely been undeveloped woodland since federal acquisition. Before that time, the land where ED-8 is located consisted primarily of forests and grasslands intermixed with large and small orchards, cropland, and pastures associated with the agriculturally based and no longer extant Wheat Community. During the operation of the gaseous diffusion plant from the 1940s until the mid-1980s, numerous facilities located within this parcel were used to support the gaseous diffusion mission. These facilities include: K-1000, K-1001, K-1007, K-1032, K-1047, K-1048, K-1049, K-1050, K-1055, K-1330, and K-1580. Many of these facilities were demolished in the late 1940s, 1950s, and early 1960s. For several of the remaining buildings within the ED-8 land parcel, title transfer has already been completed or is underway: K-1007, K-1580, K-1330, K-1000 and K-1652. Facilities not targeted for transfer or lease are being demolished. The transfer request for ED-8 is for the land within the footprint; no buildings are included.

**Proposal to Transfer ED-3, ED-4, ED-8, and ED-9
at East Tennessee Technology Park's Heritage Center**

ED-9. Like the other parcels, this parcel has largely been undeveloped woodland prior to federal acquisition. Before that time, the land where ED-9 is located consisted primarily of forests and grasslands intermixed with large and small orchards, cropland, and pastures associated with the agriculturally based and no longer extant Wheat Community. During the operation of the gaseous diffusion plant from the 1940s until the mid-1980s, numerous facilities located within this parcel were used to support the gaseous diffusion mission. Specifically this land parcel includes the former chemical and radiological laboratory complex at ETTP. The facilities currently or formerly within the boundary of Land Parcel ED-9 include: K-1002, K-1003, K-1004-A, K-1004-B, K-1004-C, K-1004-D, K-1004-H, K-1004-L, K-1004-P, K-1005, K-1015, K-1044, K-1225, K-1039, K-1039-1, K-1310-JV, and K-1006. Some of these facilities were demolished in the late 1940s, 1950s, and early 1960s. Title transfer has already been completed for Building K-1225 within the parcel, and Building K-1006 is being evaluated for future transfer. Buildings K-1039 and K1039-1 are intended to remain with DOE. Facilities not targeted for transfer or lease have been demolished. The transfer request for ED-9 is for the land within the footprint; no buildings are included.

**Proposal to Transfer ED-3, ED-4, ED-8, and ED-9
at East Tennessee Technology Park's Heritage Center**

serve a long-standing need for housing in Oak Ridge. It is anticipated that this growth in the residential sector will create demand for commercial activity as this demand would otherwise be satisfied only by driving significant distances. In cooperation with the City of Oak Ridge, much of the infrastructure necessary for this type of growth and development has been transferred, installed, or in the process of being installed. The former DOE-fire station at Heritage Center has been transferred to the City, thus preempting the need to duplicate these facilities/services in the West End on a greenfield site. Investments by Heritage Center's parent company, the Community Reuse Organization of East Tennessee (CROET) and the City of Oak Ridge have allowed for the construction of a sewerage treatment plant at a nearby major housing development, Rarity Ridge, with extension improvements that provided for all of Heritage Center's sanitary waste treatment needs. This will allow closure and provide DOE with cost avoidance that will serve to reduce its clean-up costs. With these improvements and others projected by other utility service providers, the intended uses are consistent with the overall plan for West End development and the availability of requisite infrastructure.

Proposal to Transfer ED-3, ED-4, ED-8, and ED-9
at East Tennessee Technology Park's Heritage Center

770.7(a)(1)(iii) A description of the economic development that would be furthered by the transfer (e.g., jobs to be created or retained, improvements to be made)

Heritage Center, LLC plans to further develop market and fill the Heritage Center industrial park with private sector industry. In order to ascertain the appropriate manner in which we should target industry types, the Community (The Community Reuse Organization of East Tennessee (CROET), in partnership with the City of Oak Ridge and the Oak Ridge Chamber's New Century Alliance) commissioned a study by *Fluor Global Services* (Exhibit D), one of the preeminent industrial site location firms in the world. The study identified regional/local strengths and weaknesses and developed cluster groupings of industry types the Oak Ridge Community should recruit. It is anticipated that with the full development of the 26 building/4,000,000+ square feet of industrial and business space identified for transfer, that there is the potential of creating between 1000 and 5000 private jobs depending on the number of buildings transferred and the types of industry successfully recruited.

**Proposal to Transfer ED-3, ED-4, ED-8, and ED-9
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770.7(a)(1)(v) The consideration offered and any financial requirements

Heritage Center, LLC requests DOE transfer ownership of ED-3, ED-4, ED-8, and ED-9 at less than fair market value or without consideration for the reasons stated in the Supplementary Section of the Interim Rule, Section II, Section by Section Discussion, 5. Section 770.8 (Transfer for Less Than Fair Market Value). DOE has the authority to transfer the property at less than fair market value in order to help the local communities recover from the effects of downsizing. As a result of this downsizing, the region has experienced 5,898 DOE related job losses (1994-1999).

While many of the buildings identified for transfer have useful life beyond closure, the properties at Heritage Center, without question, need to be upgraded in order meet municipal code requirements as well as to maintain their marketability to private sector companies. Much of the revenue derived from the use of these properties will, by nature of Heritage Center LLC's not-for-profit status, be used to upgrade the properties with new or improved infrastructure necessary to attract private investment and further redevelopment and reuse of Heritage Center. The upgrading of these properties and the presence of the private sector investment to date will enable Heritage Center LLC to recruit the right types of companies - companies that can create jobs to potentially mitigate the adverse effects of those jobs being lost through DOE downsizing and mission modification. For these reasons, it is requested that the property be offered without consideration.